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Customs and Trade Alert

The Customs and Trade Alert is an initiative of the Deloitte Customs & Global Trade group. This newsletter is your reference for practical information on relevant customs issues.

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Singapore Customs updates – Potential changes to the Strategic Trade Scheme (“STS”) regime

Singapore Customs have had consultation sessions with a number of companies on the potential changes to the existing STS permit regime and are currently considering revising the regime such that going forward there will only be 2 types of permits:

- **Individual permit** – These do not require companies to have an Internal Compliance Program (ICP), but exports will be assessed and approved by Singapore Customs prior to export of strategic items, on a per shipment basis.
- **Bulk permit** – Companies are required to have a robust Internal Compliance Program (ICP) addressing 7 key process and control elements. Singapore Customs will assess the company’s internal processes and procedures and will only issue pre-approval for shipments to specific entities or by countries of destination, if the company’s ICP is determined to meet Singapore Customs’ requirements.

What does it mean for you?

If the revisions are implemented, under the revised STS permit regime:

- The “Individual permit” will replace the existing “Tier 1 permit” scheme.
- The “Bulk permit” will no longer be differentiated by separate tiers i.e. current Tier 2 and Tier 3 schemes. Hence, companies are required to meet **all 7 ICP elements** should they wish to secure trade facilitation for the exports of their strategic items out of Singapore.

Below shows a comparison table of the ICP elements to be fulfilled under Tier 2, Tier 3 (current STS regime) and Bulk permit (proposed changes to STS regime):

ICP Elements	Current		Proposed
	Tier 2	Tier 3	Bulk permit
End-user Screening	✓	✓	✓
Product Classification	✓	✓	✓
Internal Audit	✓	✓	✓
Record-keeping	✓	✓	✓
Company Commitment	-	✓	✓
Appointment of Strategic Goods Control Officer	-	✓	✓
Training	-	✓	✓

At this stage, Singapore Customs is still gathering feedback from the industry through public consultation sessions on the proposed changes to the STS permit regime. The details on the finalised revisions to the STS regime and implementation timeline are yet to be determined.

Most impacted by the proposed changes would be those companies that are currently approved under the STS Tier 2 permit scheme as they would be assessed on 7 ICP elements – as opposed to 4 ICP elements currently. Those companies may be at risk of having to revert to Individual permits, if they are unable to fulfil the criteria under the revised STS regime for Bulk permit approval.

What to do?

Whilst the proposed changes are yet to be confirmed, companies should:

- Evaluate the type of STS permit your company needs to apply for, in order to comply with Singapore Customs' requirements and also meet your business needs – i.e. whether or not your current business model necessitates adopting the Bulk permit model
- Critically assess the adequacy and robustness of the implemented processes and procedures of existing internal compliance measures adopted, to ensure that all 7 ICP elements satisfies Singapore Customs' requirements
- Consider adopting new control measures in order to fulfil Singapore Customs requirements, in order to qualify under the Bulk permit scheme

How we can support

Deloitte can support your company in the following:

- Provide updates on the latest development of the STS regime changes
- Assess the impact of the changes to the STS permit regime, and to your company's existing procedures and processes, and advise on the necessary measures to be taken to meet the revised criteria
- Evaluate and review the ICP adopted by your company to fulfil all the 7 ICP elements to ensure compliance to Singapore Customs' requirements

to qualify for Bulk permit scheme

- Review your company's STS Bulk permit application, TradeFIRST checklist and necessary supporting documentation for submission to Singapore Customs

For more information on the potential changes to STS regime, or any customs and global trade matters, please contact **Regina Seah** (Tel: +65 6530 8085) or any of the contacts shown.

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